

# FAQ LAW AND REGULATIONS SURROUNDING DIGITAL MINING IN KAZAKHSTAN

## Is digital mining legal in Kazakhstan?

On June 25, 2020 the Head of the State signed the Law of the Republic of Kazakhstan No. 347-VI "On amendments and additions to some legislative acts of the Republic of Kazakhstan on regulation of digital technologies", which laid the foundation for legislative regulation of the digital mining in the country. Thus, digital mining was recognized as a legal business activity.

## Is digital mining business licensed?

In Kazakhstan digital miners do not need to obtain a license. However, according to the Law "On Informatization" digital miners shall inform the authorized body in the field of information security about the activities of digital mining. Moreover, the import of the digital mining equipment shall be approved by the government of the country.

## What is the taxation fee for digital mining in Kazakhstan?

The Law of the Republic of Kazakhstan "On Amendments to the Code of the Republic of Kazakhstan "On Taxes and Other Obligatory Payments to the Budget" (Tax Code) and the Law of the Republic of Kazakhstan "On Enactment of the Code of the Republic of Kazakhstan "On Taxes and Other Obligatory Payments to the Budget" (Tax Code)" dated 24 June 2021 introduced a tax on digital mining and defined the following:

- the digital mining fee is charged for the amount of electricity consumed;
- a fee rate of 1 tenge per kilowatt-hour of electricity consumed in digital mining;
- the obligation of authorized governmental department on information security to provide information on fee payers to the authorized governmental department on a quarterly basis by the 15th day of the second month following the reporting quarter ;
- the tax period for calculating the fee is a quarter (3 months);
- the amount of the fee is calculated based on the actual amount of electricity consumed in the implementation of digital mining, and the established fee rate.

It is worth mentioning that there is no tax reporting for digital mining fees. However, digital miners are required to pay the fee at the place of digital mining activity (at the location of digital mining equipment) and no later than the 20th day of the month following the reporting quarter.